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REC'D TN

REGULATORY AUTH.

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CLERK OF THE
EXECUTIVE SECRETARY

April 20, 1998

Mr. David Waddell, Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37248

RE: Docket No. 98-00021, American Association of Retired Persons
Petition for an Investigation and/or Show Cause Order of the Just
and Reasonableness of the Rates of BellSouth Telecommunications,
Inc.

Dear Mr. Waddell:

Enclosed are the original and thirteen copies of American Association of Retired
Persons Answer to BellSouth Telecommunications, Inc.'s Motion to Dismiss.

Sincerely,

William R. Sloan
William R. Sloan

BEFORE THE TENNESSEE REGULATORY AUTHORITY

DEADLINE

BY AUTH.

IN RE: *Petition for an investigation and or Show Cause Order
to Determine Just and Reasonableness of Rates Charged
by BellSouth Telecommunications, Inc.*

98 APR 24 PM 1 09

Docket No. 98-0021

OF THE
EXECUTIVE SECRETARY

**AMERICAN ASSOCIATION OF RETIRED PERSONS ANSWER TO
BELLSOUTH TELECOMMUNICATIONS, INC.'s MOTION TO DISMISS**

I. INTRODUCTION

This case is about reducing excessive rates to customers of BellSouth and fulfilling the TRA's mission statement proclaiming balance and fairness to ratepayers and shareholders alike. That mission statement is being violated. BellSouth has already charged more than \$300 million in excessive rates during the last two years at the expense of over two million captive phone customers. Going forward, BellSouth can be expected to realize \$581,000 in windfall profits each and every day a decision is delayed by the TRA. The Court has very plainly said the TRA has the authority under existing regulatory statutes to set just and reasonable rates while the price regulation plan is on appeal. Thus, the TRA has a fiduciary duty and responsibility to protect ratepayers under the former regulatory statutes and live up to the true spirit and meaning of its mission statement.

The American Association of Retired Persons (AARP) respectfully requests the Tennessee Regulatory Authority (TRA) to deny BellSouth Telecommunications, Inc.'s motion to dismiss our petition. BellSouth has continued to operate under the former regulatory statutes rather than under the new statutes enacted in 1995. *See the Court of Appeals of Tennessee, Middle Section at Nashville decision re appeal number 01A01-9601-BC-00008, dated November 19, 1997.* AARP contends the Court of Appeals

decision in *BellSouth Telecommunications, Inc. vs. Greer*, 1997 Tenn. App. LEXUS 668 (Tenn. Ct. App., Oct. 1, 1997) does not prohibit an earnings investigation by the TRA.

II. ARGUMENT

A. An Earnings Investigation at This Time, Under the Present Conditions Will Not Violate the Tennessee Court of Appeals Decision in Greer

BellSouth has continued to operate under the former regulatory statutes (not under price regulation); and will continue to do so until such time the TRA approves a price regulation plan (or the Supreme Court reverses the Court of Appeals judgment). Under the statutes effective until a price regulation plan is approved, the TRA has not only the authority but the duty and responsibility to protect ratepayers from being charged unjust, unreasonable, and excessive rates.

AARP disagrees with BellSouth's contention that "an earnings investigation under traditional rate of return regulation would violate the Tennessee Court of Appeal's recent decision in *BellSouth Telecommunications, Inc. vx. Greer*, 1997 Tenn. App. LEXIS 668 (Tenn. CT. APP., Oct. 1, 1997)". There is not hint in Greer that it would be inappropriate to initiate an earnings investigation under the former regulatory statutes as AARP requests in its petition. To the contrary, the November Greer decision supports AARP's claim that the TRA does indeed have such authority,

"As a result of our stay, BellSouth has continued to operate under the former regulatory statutes rather than the new statutes enacted in 1995." pp. 4

Under the "former regulatory statutes", the TRA routinely exercises its authority to conduct earnings investigations to perform its duties to establish just and reasonable

rates. The TRA could not perform its duty under the former regulatory statutes without performing some type of investigation to set just and reasonable rates.

BellSouth attempts to minimize the significance of the November Greer clarifying decision by characterizing it as a mere "oblique reference," which does not expressly sanction an earnings investigation under the former regulatory statutes. AARP does not view this language as being obscure with little significance. It is very significant because it clarifies that the TRA has the power to exercise its authority under the former regulatory laws to protect consumers by setting just and reasonable rates while this matter is tied up in the courts. Conducting an earnings investigation is the normal process for making that determination.

B. Bissell Decision Does Not Preclude TRA from Making Earnings Investigation Under Former Regulatory Statutes

BellSouth, relying on Bissell, also argues that the TRA is prevented from conducting an earnings investigation under the former regulatory statutes. The November Greer decision is more recent than the earlier Bissell decision and clarifies that the TRA now has the power under rate of return regulation to protect consumers until a price regulation plan is implemented. As stated in BellSouth's motion to dismiss, Bissell found "(t)he parties all acknowledge that the information gained through the investigation would be irrelevant to BellSouth's rates". The Bissell decision was obviously (at least in part) based upon the parties acknowledgment of irrelevance. This was in relation to the setting of rates under price regulation and not applicable to an investigation under rate of return regulation which BellSouth finds themselves at this time.

Additionally, the facts in the instant case are significantly different from the facts in Bissell. The Court stated:

Neither in the briefs nor in oral argument did the PSC articulate a reason why the investigation should continue. The parties all acknowledge that the information gained through the investigation would be irrelevant to BellSouth's rates.... We think the PSC's decision to continue the investigation is simply arbitrary, a decision "that is not based on any course of reasoning or exercise of judgment." *BellSouth Telecomm v. Keith Bissell*, Appeal No. 01-A01-9509-BC-00400, pp 3-4, October 2, 1996.

The Court found that the PSC was unable to give a reason for conducting an investigation in Bissell. In the instant case, the TRA can provide a valid, indeed, a compelling reason for conducting such an investigation. The Court has said the TRA has the authority and AARP has made a prima face case in its Petition that BellSouth has already earned almost \$300 million in excess revenue during 1996 and 1997 according to BellSouth's own financial reports filed with the TRA. Furthermore, our Petition also shows that BellSouth can reasonably be expected to earn more than \$200 million a year on a going forward basis.

C. Court's Stay Does Not Preclude TRA from Reducing BellSouth's Existing Rates

____ BellSouth also argues in its motion:

"The AARP also ignores that the Tennessee Supreme Court is presently considering whether to grant review of the appellate court's decision; as a result, the stay entered by the Court of Appeals, which precludes the TRA from reducing BellSouth's rates, remains in effect." page 1.

BellSouth's claim that the Court of Appeal's stay remains in effect and precludes the TRA from reducing BellSouth's rates is partially true and partially false. It is true that a stay is in effect which precludes the TRA from implementing the rate reduction and price regulation plan ordered in 1996. But the November Greer decision makes it clear the stay does not preclude the TRA from exercising its authority under the "former regulatory statutes", and thus its ability to protect shareholders or ratepayers by increasing or

decreasing existing rates, as necessary, to comply with the statutory standard of just and reasonable while the price regulation plan is tied up in Court.

BellSouth's position that the TRA is powerless to reduce existing rates is undermined by BellSouth's own actions and that of the TRA during the last two years. BellSouth conveniently ignores the fact that it has filed 137 tariff changes during the last two years while the stay has been in effect. (See Attachment #1). In these tariff filings, it has proposed and the TRA has approved, reductions in access rates, long distance rates, and local phone rates to selective business customers throughout the state. What legal justification does BellSouth offer in its motion for its inconsistent position? None. In fact, it does not even mention that BellSouth itself has changed its rates numerous times during the last two years while the Court's stay has been in effect.

If BellSouth's interpretation of the stay is correct, what legal justification can the TRA offer for approving numerous changes in rates proposed by BellSouth during the last two years? Can the TRA advance the legal proposition that the stay is **not** in effect when it serves BellSouth's interest to make a change in rates, but it is in effect when the TRA initiates a change in rates to protect the interest of customers (based on a request by ratepayers)? AARP does not think so. It would be patently unfair to consumers of this state if the TRA followed this double standard in interpreting the stay that is still in effect. As we have said before, the stay that has remained in effect for the last two years is the stay that precluded the TRA's implementation of the price regulation plan.

BellSouth also argues (on page 4 of its motion to dismiss) that Greer requires the TRA to approve BellSouth's price regulation plan with the rates existing as of June 6, 1995. This is absolutely not true. TCA 65-5-209(c) states "(w)ith the implementation of a price regulation plan, the rates existing on June 6, 1995, for all basic local exchange

telephone services and non-basic services, as defined in 65-5-208, are deemed affordable if the incumbent local exchange telephone company's earned rate of return on its most recent Tennessee Regulatory Authority 3.01 report as audited by the authority staff pursuant to subsection (j) is equal to or less than the company's current authorized fair rate of return existing at the time of the company's application." (emphasis added). The plain language of the statute directs the TRA to use the "most recent 3.01 report" which is available "with the implementation of a price regulation plan." Since the "implementation of a price regulation plan" will start when the Court of Appeals issues its mandate, the most recent 3.01 report filed with the TRA during that time frame will be the basis for testing the affordability of the rates existing at June 6, 1995.

D. BellSouth acknowledges TRA is Operating Under Former Regulatory Statutes But Says TRA Can Not do an Earnings Investigation

Although BellSouth acknowledges the November 1997 Greer decision found that the TRA is operating under the former regulatory statutes, it does not explain how the TRA can reasonably exercise its authority under those statutes to set just and reasonable rates without conducting some form of review or investigation. Would BellSouth have the TRA arbitrarily exercise its authority and not perform an investigation to set just and reasonable rates, or would BellSouth simply have the TRA to limit its investigation to extracting the necessary numbers from the 3.01 report and arrive at a conclusion concerning the just and reasonableness of BellSouth's rates? Answers to these crucial questions are notably absent from BellSouth's motion to dismiss. Although not expressly stated, the only logical conclusion that can be drawn from BellSouth's arguments is that the TRA has the authority to operate under the former regulatory statutes but it is powerless to exercise that authority. That interpretation is erroneous and, if accepted, would make a mockery of the Court's clear statement that the TRA has the authority

under the former regulatory statutes and, thus, the duty and responsibility to protect customers until a valid price regulation plan is implemented.

The TRA needs to protect consumers under the former regulatory statutes. It is highly probable that it will take at least two more years before the legal issues are resolved in the price regulation proceeding unless the Supreme Court decides to hear the appeal. It has already been nearly three years and it will probably take another 2-4 months for the Supreme Court to decide if it will take the case. If the Supreme Court does not take the case, it is quite probable that when the case is remanded there is going to be a legal fight over which 3.01 report to use. The TRA itself has asked the Supreme Court in its legal brief to provide guidance on which 3.01 report to use, the old one back in 1995 or the most recent one when the case is remanded to the TRA. All parties who have followed this issue know that if the old 3.01 is used there will be no rate reduction. On the other hand, if the most recent 301 is used there is likely to be a rate reduction totaling more than \$200 million. If the Supreme Court does not provide guidance on this issue, then it is easy to see how this important issue will be tied up in court for at least two additional years before a price regulation plan is approved.

Whether or not the Supreme Court takes the case, a price regulation plan is not likely to be implemented for two or three years from now. . If BellSouth's earnings continues to be excessive by \$200 million a year, this could add up to more than one half billion dollars over the next three years that consumers will pay in excessive rates.

E. AARP's Reponse to BellSouth's Argument That BellSouth's Customers Are Not Being Charged "Excessive," "Unjust" Or "Unreasonable" rates.

BellSouth's argument under this caption can be boiled down to four points:

1. That the 10.35% rate of return has no legal significance and can not be used to compute AARP's \$212 million overearnings figure,
2. That its 3.01 Report on which AARP relied needs to be adjusted downward from 19% to 13% to accurately reflect earnings consistent with other competitive businesses,
3. That its excessive earnings have resulted from its efforts at streamlining its operations and have not come at the expense of BellSouth's customers.
4. That price regulation protects customers and its rates are affordable under the new legal standard in the new law enacted in 1995.

Each argument is unfounded and should be disregarded. With respect to BellSouth's argument that the 10.35% has no legal significance, the reason AARP used that number was that it was the most recent fair rate of return finding of a regulatory agency for BellSouth in Tennessee and was illustrative of what a fair rate of return might be in today's economic environment. Obviously, any new fair rate of return finding by the TRA would be established based on current economic conditions at the time the TRA holds a hearing.

With respect to BellSouth's argument that it needs to adjust the 3.01 report so that it will provide a true picture of its earnings, this position is indeed strange in light of its successful argument to the Court of Appeals that the TRA was powerless to adjust the 3.01 to measure its rate of return under price regulation. It now argues that yellow page revenue needs to be removed and that it needs to include an additional allowance for depreciation expense. When it adjusts its 3.01 earnings report for these two items, BellSouth comes up with an adjusted 3.01 report which shows a 13% rate of return instead of the 19% reported for November 1997 under the controlling accounting and

ratemaking principles approved by the TRA (See Attachment #2, TRA 3.01) . AARP disagrees that these adjustments should be made.

BellSouth also argues that customers have received substantial benefits from its price freeze and that its excessive profits have not come at the expense of its customers, but have come from its efforts at streamlining its operations. AARP would simply point out that BellSouth is still a monopoly, holding an approximately 99% share of the local phone market, and that "competition in this market is a long distance off" for the vast majority of Tennessee consumers. (See TRA Report on Status of Competition in Tennessee Submitted to the Tennessee General Assembly's House Ways and Means Committee, February, 1998). Because of the continuous, year-to-year cost savings resulting from improvements in technology, local phone rates should be declining--not frozen--and they would be if a truly competitive market existed. Contrary to BellSouth's argument, customers have been and will continue to be harmed by the absence of competition and BellSouth's ability to exercise its monopoly power to freeze prices at an artificially high level and retain the savings resulting from advances in telecommunications technology.

With respect to BellSouth's argument that its rates are affordable under the new price regulation law, AARP would simply point out the obvious, and that is, that the standard we are asking the TRA to apply is the "just and reasonable" standard under the former regulatory statutes not the "affordable" standard under the new law passed in 1995.

In summary, AARP has shown that BellSouth's argument that Greer and Bissell preclude an earnings investigation is unfounded and should be ignored. BellSouth's position on the stay order is undermined by its own filing of 137 new tariffs since the stay order was entered, most of which were changes in existing rates under the former regulatory statutes. Finally, AARP has demonstrated that BellSouth's argument that its

earnings are not excessive--if certain adjustments are made to reduce the actual 18.99% rate of return-- is not only wrong but is inconsistent with the position it took on this issue in its successful court challenge .

III. CONCLUSION

For the foregoing reasons, the TRA should reject BellSouth's motion to dismiss and grant AARP's petition. The court has said that the TRA continues to operate under the former regulatory statutes until a price regulation plan is implemented. Regardless of how strenuously BellSouth objects, the TRA owes a duty to the ratepayers of this state to avoid further delay--for every day that passes customers are being charged \$581,000 per day in excessive rates--and exercise its authority to protect customers under the former regulatory statutes. AARP request that our petition be placed on the next Commission Conference Agenda and that we be allowed to present oral argument.

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Kenneth Atkins
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Attorneys For American Association of Retired Persons

CERTIFICATE OF SERVICE

I, William Sloan, hereby certify that I have served a copy of the foregoing on Dennis McNamee, Esq., Tennessee Regulatory Authority, 460 James Robertson Parkway, Nashville, TN, 37243-0500, Guy Hicks, Esq., Attorney for BellSouth Telecommunications, Inc. 333 Commerce Street, Suite 2101, Nashville, Tennessee 37201 and L. Vincent Williams, Consumer Advocate Division, 425 Fifth Avenue North, Nashville, Tennessee 37243-0500 on April 24, 1998.

William Sloan

William R. Sloan

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Attachment 1

A11 BellSouth Filings

Query1

Tariff Number	Proposed Effective Date	Caption
96-027	3/1/96	DELETE THE EXISTING COUNTY-WIDE CALLING SWITCHED ACCESS CREDIT TO INTEREXCHANGE CARRIERS
96-028	3/1/96	IMPLEMENT RATE REDUCTIONS AS ORDERED BY THE COMMISSION UNDER DOCKET 95-02614
96-125	7/31/96	CORRECT USOC ERRORS AND CLARIFY VERBIAGE IN THE MULTISERV AND MULTISERV PLUS TARIFFS
96-126	8/1/96	INTRODUCE THE WATSAVER SERVICE TERM DISCOUNT PLAN
96-127	7/31/96	INTRODUCE ENHANCED CALLER ID SERVICE AND CALL FORWARDING DON'T ANSWER - RING CONTROL AND
96-132	8/1/96	OBsolete RESIDENCE VISUAL DIRECTOR
96-139	8/1/96	FILE A CONTRACT SERVICE ARRANGEMENT
96-147	8/21/96	REVISE THE ACCESS SERVICE TARIFF TO MIRROR THE SWITCHED TRANSPORT RATES
96-148	8/21/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-2924-00
96-152	8/23/96	REVISE THE NOTIFICATION PERIOD FOR PROMOTIONS FROM THIRTY DAYS TO ONE DAY
96-159	8/31/96	OFFER DATA REACH SERVICE AND REDUCE VARIOUS DID RATES
96-168	10/1/96	OBsolete SEMIPUBLIC TELEPHONE SERVICE
96-169	9/16/96	INTRODUCE FLEXIBLE CALL FORWARDING SERVICE FOR BUSINESS
96-173	9/19/96	MODIFY THE INTERCONNECTION FOR MOBILE SERVICE TARIFF
96-174	9/19/96	MAKE A TEXT CHANGE
96-176	9/30/96	MODIFY MIXING OF SERVICE REGULATIONS FOR BUSINESS LOCATIONS
96-177	10/2/96	LIMIT THE NUMBER OF RESIDENCE SERVICE LINES PER LOCATION TO TEN (10)
96-185	9/30/96	SEPARATE THE MTS RATES INTO TWO SCHEDULES, ONE FOR RESIDENCE AND ONE FOR BUSINESS
96-186	10/1/96	RE-ESTABLISH A PER LINE BLOCKING OPTION FOR SUBSCRIBERS WITH NON-PUBLISHED DIRECTORY LISTING
96-187	10/1/96	PROVIDE THE ANNUAL UPDATE FOR THE DEPARTMENT OF ENERGY (DOE) CABLE CONTRACT
96-191	10/7/96	OFFER CONTRACT SERVICE ARRANGEMENTS TN96-0079-04, TN96-0080-02, AND TN96-1075-01
96-192	10/7/96	REDUCE WATSAVER SERVICES RATES AND REVISE OPTIONS FOR WATSAVER SERVICE
96-194	10/9/96	INTRODUCE MESSAGE WAITING INDICATION - AUDIBLE VISUAL FOR RESIDENCE CUSTOMERS
96-195	10/9/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-0083-01
96-200	10/1/96	INTRODUCE ENHANCEMENTS TO NATIVE MODE LAN INTERCONNECTION SERVICE
96-204	10/1/96	EXTEND THE AVAILABILITY OF CENTRAL OFFICE BLOCKING WITH OPERATOR SCREENING OPTIONS FOR COI
96-206	10/1/96	INTRODUCE COIN REFUND AND REPAIR REFERRAL SERVICE
96-207	10/21/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-1507-02
96-208	10/24/96	INCREASE THE DIRECTORY ASSISTANCE SERVICE PER CALL RATE
96-213	11/7/96	CLARIFY THE CONDITIONS UNDER WHICH THE COMPANY SHALL DISCONTINUE SERVICE OR REFUSE TO PRO
96-217	11/9/96	REFLECT THE ANNUAL MEGACOM CCLC ADJUSTMENT
96-219	10/31/96	INTRODUCE SMARTLINE SERVICE TO PUBLIC TELEPHONE ACCESS SERVICE SUBSCRIBERS
96-221	11/7/96	MODIFY THE INTERCONNECTION OF MOBILE SERVICE TARIFF
96-225	11/1/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-0951-02
96-230	11/15/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-2924-00
96-231	11/1/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-8105-00
96-236	11/1/96	INTRODUCE AUTOMATIC INTERCEPT SERVICE AND CALL TRANSFER FOR DIRECT INWARD DIALING SERVICE
96-240	11/25/96	INTRODUCE MESSAGE WAITING INDICATION - AUDIBLE VISUAL FOR BUSINESS CUSTOMERS
96-250	12/2/96	INTRODUCE FLAT RATED MEMORIAL CALL VOICE MAIL BOX FOR BUSINESS
96-251	12/1/96	MIRROR THE INTERSTATE ACCESS TARIFF FOR BILLING NAME AND ADDRESS FOR AUTOMATIC NUMBER IDE
96-252	12/3/96	INTRODUCE MULTISERV, MULTISERV PLUS AND DIGITAL ESSX SERVICE FOR SEVERAL NEW ELECTRONIC BU
96-264	12/13/96	MODIFY THE BILLING AND COLLECTION TARIFFS

All BellSouth Filings

Query1

Tariff Number	Proposed Effective Date	Caption
96-271	12/16/96	INTRODUCE MEGALINK PLUS SVC. MODIFY SMARTPATH SVC. AND REMOVE THE CHARGE TO MOBILE SVC. P
96-274	12/20/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-4460-02
96-275	12/20/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-0100-00
96-276	12/23/96	OFFER CONTRACT SERVICE ARRANGEMENT TN96-2998-00
96-282	1/1/97	RESTRICTURE THE WATS AND TFO USAGE RATES
96-307	1/13/97	OFFER INWARD AND OUTWARD NETWORK ACCESS REGISTERS (NARS)
97-003	2/9/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-4451-00
97-014	2/17/97	MODIFY FAST PACKET SERVICES
97-018	2/21/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-3674-01
97-020	2/26/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-7528-00
97-022	3/1/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-5814-01
97-023	2/28/97	REDUCE DAILY RATES FOR CUST. CHANGE ACTIVITY AND ELIMINATE THE SVC. ESTABLISHMENT CHARGE F
97-024	2/28/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-6783-01
97-025	2/27/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-4742-01
97-029	2/15/97	MODIFY THE ACCESS SERVICE TARIFF TO REDUCE INTRASTATE ACCESS CHARGES
97-030	2/14/97	MODIFY THE ACCESS SERVICES TARIFF TO REDUCE INTRASTATE ACCESS CHARGES
97-031	3/23/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-6494-00
97-036	3/7/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-8071-00
97-040	3/10/97	INTRODUCE ISDN INTEROFFICE CIRCUITS
97-041	3/12/97	ALLOW PROVISIONING OF ENHANCED CALLER ID ON A SERIES COMPLETION ARRANGEMENT
97-057	3/26/97	MODIFY THE GENERAL SUBSCRIBER SERVICES AND ACCESS SERVICES TARIFFS TO REMAIN CERTAIN PRO
97-057	4/1/97	COMPLY WITH THE FCC ORDER 96-439 CONCERNING THE RECLASSIFICATION OF PAY TELEPHONES
97-073	4/3/97	EXPAND THE CHATTANOOGA METROPOLITAN AREA CALLING INTO THE BLEDSOE TELEPHONE COOPERATIV
97-090	4/10/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-7508-01
97-091	4/11/97	THIS TARIFF/PGA FILING IS BEING MADE TO OFFER CONTRACT SERVICE ARRANGEMENT TN96-5789-00
97-093	4/14/97	THIS TARIFF/PGA FILING IS BEING MADE TO OFFER CONTRACT SERVICE ARRANGEMENT TN96-5680-00
97-096	4/11/97	CORRECT THE DUPLICATE LISTING OF SECTION INDICATORS
97-098	4/16/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-6465-01
97-099	4/17/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-7039-01
97-110	4/21/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-6146-01
97-111	4/21/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-6184-01
97-114	4/21/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-1372-03
97-115	4/23/97	THIS TARIFF/PGA FILING IS BEING MADE TO OFFER CONTRACT SERVICE ARRANGEMENT TN96-5618-04
97-117	4/26/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0984-00
97-118	4/24/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-4179-01
97-120	4/28/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-0328-01
97-122	4/30/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-7644-00
97-125	5/1/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0234-02
97-127	5/6/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-7250-00
97-128	5/7/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-6183-00
97-129	5/5/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-7346-01
97-130	5/8/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-1621-00
97-131	5/29/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-7558-00

A11 BellSouth Filings

Query 1

Tariff Number	Proposed Effective Date	Caption
97-217	7/8/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0137-02
97-218	7/9/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-0125-00
97-222	7/10/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-2002-00
97-225	7/15/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-0091-01
97-226	7/11/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0165-00
97-227	7/14/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0930-00
97-233	7/16/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0168-00
97-235	7/17/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0198-01
97-236	7/11/97	CREATE A NEW EXCHANGE TO SERVE THE VANLEER CUSTOMERS RESIDING IN HOUSTON COUNTY
97-237	7/18/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0244-00
97-239	7/21/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-1320-00
97-240	7/22/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0134-00
97-242	7/23/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0789-00
97-243	7/23/97	EXPAND NEW YORK INTERACT RATE ELEMENTS AVAILABLE IN EXCHANGE ACCESS FRAME RELAY SERVICE
97-244	7/13/97	INTRO INTERACT RATE ELEMENTS AVAILABLE IN EXCHANGE ACCESS FRAME RELAY SERVICE
97-247	7/24/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-1276-00
97-255	7/25/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-1641-00
97-257	7/28/97	OFFER CONTRACT SERVICE ARRANGEMENT TN96-0923-00
97-258	7/29/97	CONTRACT SERVICE ARRANGEMENT TN96-0924-00
97-261	7/29/97	ADD 2 NEW FEATURE GROUPS TO THE MULTISERV SERVICE TARIFF
97-264	7/30/97	OFFERS CONTRACT SERVICE ARRANGEMENT TN97-2162-00
97-273	7/30/97	INTRO FLT RATE NAR OPTION FOR MEGALINK CHANNEL SERV, FLEXSERV SERV AND LIGHTGATE SERV
97-275	8/6/97	OFFERS SERVICE CONTRACT AGREEMENT TN97-3741-00
97-277	8/13/97	REVIEW AND APPROVAL OF CONTRACT SERVICE ARRANGEMENT TN97-3836-00
97-281	8/14/97	REVIEW AND APPROVAL OF CONTRACT SERVICE ARRANGEMENT TN97-3797-00
97-286	8/15/97	MODIFY THE ACCESS SERVICES TARIFF TO ALLOW SPECIAL PROMOTIONS
97-303	8/28/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-0175-00
97-311	9/3/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-3942-00
97-312	9/29/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-4019-00
97-313	9/4/97	OFFER CONTRACT SERVICE ARRANGEMENT TN97-4161-00
97-320	9/8/97	TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-4617-00
97-324	9/10/97	TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-4315-00
97-325	9/15/97	TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-1855-03
97-326	9/15/97	TO REMOVE THE REQUIREMENT THAT HUNT GROUP FACILITIES FOR ISDN AND SMDI MUST BE OTHER THAN
97-327	9/15/97	TO MAKE MODIFICATIONS TO THE BROADBAND EXCHANGE LINE SERVICE AND CORRECTIONS TO EXCHANG
97-339	9/25/97	TO MODIFY THE CALL RETURN FEATURE TO COMPLY WITH THE FCC ORDER IN DOCKET NO 97-281
97-342	9/25/97	CONTRACT SERVICE ARRANGEMENT FOR REVIEW AND APPROVAL
97-345	10/16/97	TO DELETE THE TRAIL OFFERINGS OF FRAME RELAY AND SMDI
97-346	10/29/97	TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-5139-00
97-350	10/39/97	TO ADD WEST VANLEER TO THE NASHVILLE LATA CONFIGURATIONS AND ADD ITS V & H COORDINATES
97-356	10/7/97	TO REMOVE LOCAL COIN RATE FOR PAYPHONE AS MANDATED IN FCC96-128
97-358	10/10/97	TO PROVIDE FOR UPGRADES TO SEVERAL MEMORYCALL SERVICES (INTRASTATE)
97-359	10/10/97	TO PROVIDE FOR UPGRADES TO SEVERAL MEMORYCALL SERVICES (INTRASTATE)

All BellSouth Filings

Query1

4/8/9

Tariff Number	Proposed Effective Date	Caption
97-363	10/15/97 TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-5196-00	
97-364	10/15/97 TO CHANGE THE NAME OF MULTIPoint VIDEO CONFERENCING SERVICE AND TO PROVIDE SERVICE ENHANC	
97-365	10/16/97 TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-4621-00	
97-374	10/20/97 TO OFFER CONTRACT SERVICE ARRANGEMENT TN96-7822-01	
97-375	10/22/97 TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-5077-02	
97-379	10/24/97 TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-1890-03	
97-382	10/27/97 TO OFFER CONTRACT SERVICE ARRANGEMENT TN97-4972-00	
97-385	10/29/97 FOR REVIEW AND APPROVAL OF CONTRACT SERVICE ARRANGEMENT TN97-4175-00	
97-390	10/30/97 TO INTRODUCE NEW NONRECURRING CHARGES FOR SHORT INTERVAL SWITCHED AND SPECIAL ACCESS L	
97-391	1/1/98 TO REFLECT THE ANNUAL WEGACOM ACCESS ADJUSTMENT	



BellSouth Telecommunications, Inc. 615 214-6520
Suite 2104 Fax 615 214-8858
333 Commerce Street
Nashville, Tennessee 37201-3300

Charles L. Howorth, Jr.
Regulatory Vice President

February 24, 1998

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FEB 25 1998

TN REGULATORY AUTHORITY
TELECOMMUNICATIONS DIVISION

Ms Lynn Woods
Tennessee Regulatory Authority
Nashville, Tennessee

Dear Ms Woods:

Attached are two separately-calculated Tennessee PSC 3.01 Reports for November, 1997. The first report reflects a rate of return based on the old Tennessee Public Service Commission requirements and includes implicit subsidies such as expense adjustments, BAPCO imputations and depreciation at Commission prescribed rates. The second report provides a PSC 3.01 based on BellSouth Telecommunications regulated books of account. This report includes BAPCO revenues as booked, appropriate depreciation rates and no expense adjustments.

The second report generates a 12 month ending rate of return of 13.01%. This report is the most accurate representation of BST's earnings for the 12 month period ending November 30, 1997.

Sincerely,


Regulatory Vice President

Attachments

cc: Mr. L. Vincent Williams

MONTHLY REPORT OF TENNESSEE REVENUES, EXPENSES
AND INVESTMENTS - TELEPHONE COMPANIES

BELLSOUTH TELECOMMUNICATIONS, INC.
MONTH ENDING November, 1997

ITEM	AMOUNT FOR THE MONTH		YEAR-TO-DATE		12 MONTHS-TO-DATE	
	COMBINED	INTRASTATE	COMBINED	INTRASTATE	COMBINED	INTRASTATE
OPERATING REVENUES						
1 Local Revenues (5000 to 5069)	84,667	0	895,853	0	975,780	0
2 Access Revenues (5080 to 5084)	39,537	32,589	457,372	368,451	499,238	401,726
3 Long Distance Revenues (5100 to 5169)	8,260	305	85,705	3,776	95,818	3,958
4 Miscellaneous Revenues (5200 to 5270)	9,219	997	101,592	10,880	109,264	10,701
5 Uncollectible Revenues (5300 to 5302)	1,153	138	12,462	1,461	13,104	1,460
6 Total Operating Revenues (L1 to L4 less L5)	140,529	33,764	1,528,060	381,646	1,666,996	414,925
OPERATING EXPENSES						
7 Plant Specific Expenses (6110 to 6441)	20,090	5,023	252,351	64,432	272,180	89,442
8 Plant Nonspecific Exp (6510 to 6540)	5,065	1,284	78,331	19,053	82,756	20,712
9 Depreciation & Amortization (6560 to 6565)	29,328	7,691	315,031	82,577	343,149	89,825
10 Customer Operations Exp (6610 to 6623)	16,546	2,907	152,597	31,951	172,078	36,531
11 Corporate Operations Exp (6710 to 6790)	22,277	4,937	129,119	30,708	152,530	38,408
12 Other Operating Taxes (7230 + 7240)	6,566	1,396	85,475	18,564	87,093	18,749
13 Federal Income Taxes (7210 + 7220 + 7250)	20,711	5,334	150,838	38,758	160,237	40,907
14 Total Operating Expenses (L7 to L13)	120,583	26,573	1,161,741	286,040	1,270,023	312,574
15 Net Operating Income (L6 minus L14)	19,946	5,191	366,319	95,606	396,972	102,351
16 Nonop Inc (7100, 7310 to 7370) (7410 to 7450)	(238)	(575)	2,370	(93)	3,407	143
17 Interest Expense (7510 to 7540)	4,454	1,088	52,597	12,898	60,041	14,743
18 Extraordinary Items (7610 to 7840)	0	0	0	0	0	0
19 Nonregulated Income Items (7980)	0	0	0	0	0	0
20 Net Income	15,254	3,528	316,093	82,615	340,340	87,750

ITEM	BALANCE END OF MONTH		AVERAGE 12 MT-D		INTRASTATE	
	COMBINED	INTRASTATE	COMBINED	INTRASTATE	COMBINED	INTRASTATE
SELECTED BALANCE SHEET ITEMS						
21 Plant in Service (2110 to 2830)	4,857,364	1,258,874	4,732,808	1,224,673	3,507,935	0
22 Property Held For Future Use (2002)	0	0	0	0	0	0
23 Plant Under Construction (2003 to 2004)	26,447	6,838	27,759	7,177	20,562	2
24 Plant Acquisition Adjustment (2005)	0	0	0	0	0	0
25 Material & Supplies (1220)	14,903	3,865	19,180	4,717	13,473	0
26 Depreciation Reserve (3100 to 3600 less 3300)	2,303,378	610,346	2,205,207	584,707	1,820,500	0
27 Unamortized Investment Tax Credit (4320)	23,010	5,307	25,136	5,762	19,374	0
28 Accumulated Deferred Income Taxes (4340)	340,596	85,321	329,754	82,948	246,808	0
29 Preferred Stock (4510) - Total Company	0	xxxxx	0	xxxxx	xxxxx	xxxxx
30 Common Stock (4510) - Total Company	7,032,184	xxxxx	7,072,430	xxxxx	xxxxx	xxxxx
31 Add'l Paid in Capital (4520) - Total Company	3,908,187	xxxxx	3,952,529	xxxxx	xxxxx	xxxxx
32 Retained Earnings (4550) - Total Company	6,063,684	xxxxx	6,374,686	xxxxx	xxxxx	xxxxx
33 Long Term Debt (4210 to 4270) - Total Company	0	xxxxx	0	xxxxx	xxxxx	xxxxx

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FEB 25 1998

TN REGULATORY AUTHORITY
TELECOMMUNICATIONS DIVISION

TYPE OF SERVICE (a)	RESIDENCE (b)	BUSINESS (c)	TOTAL (d)
33 1 Party			
34 2 Party			
35 4 Party			
36 Multi Party			
37 Other			
38 Total	1,857,087	762,263	2,619,350

INSTRUCTIONS

1. This report is required of telephone companies which had operating revenues for the preceding year in excess of \$1,500,000 as provided in the Commission's rules. Prepare on a typewriter and file within 60 days after the end of the calendar month covered by the report. Show amounts adjusted to the nearest thousand dollars unless directed otherwise.
2. If Tennessee data is not available for multistate companies, include total company operations under the combined columns and note that the data represents total company.
3. If any amount for the current month differs materially from that for the previous month a year ago and the difference is not self explanatory, annotate the amount and explain the occasioning facts under "Remarks".
4. Average for the 12 Months-To-Date shall be computed on an average monthly balance basis.

REMARKS

1. INTRA-COMPANY INVESTMENT COMPENSATION: Beginning October 1985, Intra Company Investment Compensation was journalized to Account 671, Operating Rents, on a combined basis subject to taxation. Operating rents are included in Plant Specific and Corporate Operations Expense. Prior to October 1985, comparable costs referred to as Compensation-Net were likewise included in Other Operating Expenses but were reflected net of tax.
2. NET OPERATING INCOME: White page contributions are reflected in the respective expense and income categories.
3. LONG TERM DEBT: Amounts shown on line 32 include Funded Debt and Other Long Term Debt.
4. NONREGULATED ACTIVITIES: This report excludes the impact of nonregulated activities.

I certify that to the best of my knowledge and belief this is a true and correct report:

Date: 1/30/98

(Signed) Hal Pasant

for Senior Director

SUPPLEMENTAL FINANCIAL DATA TO PSC
FOR THE MONTH ENDED November, 1997

Line #	Average Monthly Balance	Average YTD	Average for 12 MTD
Additions:			
1 Plant In Service	3,597,866	3,513,690	3,507,935
2 Plant Under Construction	20,872	21,283	20,582
3 Property Held For Future Use	0	3	2
4 Materials & Supplies	11,149	13,649	13,473
Other Additions:			
5 Cash Requirements	7,723	7,252	7,205
6 MemoryCall	10,675	10,912	10,849
7 Yellow Page Imputation	22,427	22,422	22,367
8 Total Additions	3,670,712	3,589,210	3,582,414
Deductions:			
9 Accumulated Depreciation	1,687,013	1,628,677	1,620,500
10 Accumulated Deferred Income Taxes	253,273	246,073	246,806
11 Unamortized Investment Credit - Pre 1971	10	10	11
12 Customer Deposits	2,711	2,695	2,681
Other Deductions:			
13 Cash Advanced Thru Operations	127,182	123,699	123,719
14 Average Deferred Liability Balance	0	0	0
15 Total Deductions	2,070,189	1,999,154	1,993,717
16 Rate Base	1,600,523	1,590,056	1,588,697
17 Net Operating Income (NOI)	14,755	270,713	294,622
Adjustments to NOI:			
18 Allowance Funds	100	1,090	1,167
19 Less: Other Expenses	60	855	959
20 Less: Interest on Customer Deposits	15	177	191
21 Lobbying Expense Adjustment - Net #	6	70	76
22 Federal Income Tax Adjustment	68	514	549
23 Other Operating Income & Expense	1,839	3,084	3,192
24 Affiliated Charges	45	493	538
25 MemoryCall	14	(479)	(710)
26 Yellow Page Imputation	170	3,881	3,355
27 Less: Interest Expense on Deferred Liab (Net)	0	0	0
28 Adjusted Net Operating Income	16,922	278,334	301,639
29 Rate of Return	12.69%	19.10%	18.99%
30 Average BellSouth Telecommunications, Inc. Debt Ratio	40.91%	N/A	41.18%
31 Average BellSouth Telecommunications, Inc. Debt Cost	6.47%	N/A	6.44%

CONTINUING SURVEILLANCE CONSIDERATIONS. Estimate the effect on net operating income of very significant known changes occurring within the period covered by the report which are not fully reflected in the revenue and expense amounts shown in the report.

(\$ in Millions)

	Month	12 Months-to-Date
Adjust. to Income for Effect of Known Changes	10.0M	-4.3M

As estimated by Commission Staff

BELLSOUTH TELECOMMUNICATIONS, INC.
EXPENSE MATRIX/TPSC
INTRASTATE
November, 1997

CURRENT MONTH

	SALARIES & WAGES	BENEFITS	RENTS	OTHER EXPENSES	NET ACTIVITY
PLANT SPECIFIC OPERATIONS					
NETWORK SUPPORT	45,877	8,565	1,348	289,673	345,463
GENERAL SUPPORT	606,969	134,147	1,084,294	2,654,932	4,480,342
CNTRL. OFC. SWITCHING	1,214,484	254,688	123	1,001,356	2,470,651
OPERATOR SYSTEMS	1,002	262	0	213,130	214,394
CNTRL. OFC. TRANSMISSION	592,259	126,395	(151,719)	353,364	920,299
INFOR. ORIGINATION/TERM	424,903	87,777	0	164,492	677,171
CABLE & WIRE FACILITIES	3,253,495	695,269	517,183	1,492,976	5,958,923
TOTAL PLANT SPECIFIC	6,138,989	1,307,103	1,451,229	6,169,923	15,067,243
PLANT NONSPECIFIC OPERATIONS					
OTH. PROP., PLANT & EQUIP	(146,262)	(48,431)	0	(160,512)	(355,205)
NETWORK OPERATIONS	2,217,686	647,998	(657)	1,069,055	3,934,082
ACCESS EXPENSE	0	0	0	201,265	201,265
	2,071,424	599,567	(657)	1,109,808	3,780,142
CUSTOMER OPERATIONS EXPENSE					
MARKETING	408,422	90,537	2,226	3,322,270	3,823,455
CUSTOMER OPERATIONS	4,266,757	784,738	1,204	4,762,741	9,815,440
TOTAL CUSTOMER OPERATIONS	4,675,179	875,275	3,430	8,085,011	13,638,895
CORPORATE OPERATIONS EXPENSE					
EXEC. AND PLANNING	114,542	27,111	23	97,784	239,460
GENERAL AND ADMINISTRATIVE	2,017,007	494,423	2,494	14,587,014	17,100,938
PROV FOR UNCOLLECT. NOTES REC.	0	0	0	0	0
TOTAL CORP. OPERATIONS	2,131,549	521,534	2,517	14,684,798	17,340,398

MONTHLY REPORT OF TENNESSEE REVENUES, EXPENSES
AND INVESTMENTS - TELEPHONE COMPANIES

BELLSOUTH TELECOMMUNICATIONS, INC.
MONTH ENDING November, 1987

ITEM	AMOUNT FOR THE MONTH			YEAR-TO-DATE			12 MONTHS-TO-DATE		
	COMBINED	INTERSTATE	INTRASTATE	COMBINED	INTERSTATE	INTRASTATE	COMBINED	INTERSTATE	INTRASTATE
OPERATING REVENUES									
1 Local Revenues (5000 to 5089)	84,687	0	84,687	885,853	0	885,853	975,780	0	975,780
2 Access Revenues (5090 to 5094)	39,537	32,598	6,938	457,372	368,451	88,921	499,238	401,728	97,512
3 Long Distance Revenues (5100 to 5169)	8,260	305	7,955	85,705	3,778	81,927	95,817	3,958	91,859
4 Miscellaneous Revenues (5200 to 5270)	4,531	967	3,564	50,092	10,860	39,232	55,855	10,701	45,154
5 Uncollectible Revenues (5300 to 5302)	1,036	138	898	11,174	1,461	9,713	11,708	1,460	10,248
6 Total Operating Revenues (L1 to L4 less L5)	135,958	33,764	102,194	1,477,848	381,846	1,096,002	1,814,922	414,925	1,400,000
OPERATING EXPENSES									
7 Plant Specific Expenses (6110 to 6441)	20,080	5,023	15,057	252,351	64,432	187,919	272,180	69,442	202,738
8 Plant Non-specific Exp (6510 to 6540)	5,085	1,264	3,821	78,331	19,053	59,278	82,758	20,712	62,046
9 Depreciation & Amortization (6560 to 6585)	39,280	10,270	29,010	422,352	110,314	312,038	482,404	120,848	361,556
10 Customer Operations Exp (6610 to 6623)	16,702	2,837	13,865	153,884	32,238	121,646	173,870	36,883	136,987
11 Corporate Operations Exp (6710 to 6780)	22,277	4,937	17,340	128,119	30,708	97,411	152,530	38,408	114,122
12 Other Operating Taxes (7230 + 7240)	5,694	1,242	4,452	76,023	16,900	59,123	78,813	16,900	61,913
13 Federal Income Taxes (7210 + 7220 + 7250)	15,930	4,486	11,444	99,010	29,830	69,180	103,870	30,787	73,083
14 Total Operating Expenses (L7 to L13)	125,048	30,179	94,869	1,209,070	303,275	905,795	1,324,223	331,768	992,455
15 Net Operating Income (L6 minus L14)	10,910	3,585	7,325	268,778	78,371	190,408	280,699	83,157	207,542
16 Nonop Inc (7100, 7310 to 7370) (7410 to 7450)	(1,969)	(575)	(1,394)	640	(93)	733	1,877	143	1,734
17 Interest Expense (7510 to 7540)	4,454	1,088	3,366	52,597	0	52,597	60,041	0	60,041
18 Extraordinary Items (7610 to 7640)	0	0	0	0	0	0	0	0	0
19 Nonregulated Income Items (7900)	0	0	0	0	0	0	0	0	0
20 Net Income	4,487	1,922	2,565	216,821	85,380	131,442	232,335	83,557	148,778

ITEM	BALANCE END OF MONTH			AVERAGE 12 M.T.O.		
	COMBINED	INTERSTATE	INTRASTATE	COMBINED	INTERSTATE	INTRASTATE
SELECTED BALANCE SHEET ITEMS						
21 Plant in Service (2110 to 2890)	4,857,364	1,250,874	3,596,490	4,732,808	1,224,673	3,508,135
22 Property Held For Future Use (2002)	0	0	0	0	0	0
23 Plant Under Construction (2003 to 2004)	28,447	8,838	19,609	27,758	7,177	20,582
24 Plant Acquisition Adjustment (2005)	0	0	0	0	0	0
25 Material & Supplies (1220)	14,903	3,885	11,018	18,190	4,717	13,473
26 Depreciation Reserve (3100 to 3600 less 3300)	2,303,378	610,346	1,693,032	2,292,383	584,707	1,707,676
27 Unamortized Investment Tax Credit (4320)	23,010	5,307	17,703	25,138	5,782	19,356
28 Accumulated Deferred Income Taxes (4340)	340,596	85,321	255,275	329,754	82,948	246,806
29 Preferred Stock (4510) - Total Company	0	xxxxxx	xxxxxx	0	xxxxxx	xxxxxx
30 Common Stock (4510) - Total Company	7,032,184	xxxxxx	xxxxxx	7,072,430	xxxxxx	xxxxxx
31 Add'l Paid in Capital (4520) - Total Company	3,908,187	xxxxxx	xxxxxx	3,952,529	xxxxxx	xxxxxx
32 Retained Earnings (4550) - Total Company	6,083,864	xxxxxx	xxxxxx	6,374,886	xxxxxx	xxxxxx
33 Long Term Debt (4210 to 4270) - Total Company	0	xxxxxx	xxxxxx	0	xxxxxx	xxxxxx

ACCESS LINE AND SERVICE DATA FOR ALL EXCHANGES IN TENNESSEE -

2,619,350

TYPE OF SERVICE (a)	RESIDENCE (b)	BUSINESS (c)	TOTAL (d)
33 1 Party			
34 2 Party			
35 4 Party			
36 Multi Party			
37 Other			
38 Total	1,857,087	762,263	2,619,350

INSTRUCTIONS

1. This report is required of telephone companies which had operating revenues for the preceding year in excess of \$1,500,000 as provided in the Commission's rules. Prepare on a typewriter and file within 60 days after the end of the calendar month covered by the report. Show amounts adjusted to the nearest thousand dollars unless directed otherwise.
2. If Tennessee data is not available for multistate companies, include total company operations under the combined columns and note that the data represents total company.
3. If any amount for the current month differs materially from that for the previous month a year ago and the difference is not self explanatory, annotate the amount and explain the occasioning facts under "Remarks".
4. Average for the 12 Months-To-Date shall be computed on an average monthly balance basis.

REMARKS

1. INTRA-COMPANY INVESTMENT COMPENSATION: Beginning October 1985, Intra Company Investment Compensation was journalized to Account 671, Operating Rents, on a combined basis subject to taxation. Operating rents are included in Plant Specific and Corporate Operations Expense. Prior to October 1985, comparable costs referred to as Compensation-Net were likewise included in Other Operating Expenses but were reflected net of tax.
2. NET OPERATING INCOME: White page contributions are reflected in the respective expense and income categories.
3. LONG TERM DEBT: Amounts shown on line 32 include Funded Debt and Other Long Term Debt.
4. NONREGULATED ACTIVITIES: This report excludes the impact of nonregulated activities.

I certify that to the best of my knowledge and belief this is a true and correct report:

Date: 1/30/93(Signed) Hal. Pausant

for Senior Director

SUPPLEMENTAL FINANCIAL DATA TO PSC 3.01
FOR THE MONTH ENDED November, 1997

Line #	Average Monthly Balance	Average YTD	Average for 12 MTD
Additions:			
1 Plant In Service	3,597,866	3,513,690	3,507,935
2 Plant Under Construction	20,872	21,283	20,582
3 Property Held For Future Use	0	3	2
4 Materials & Supplies	11,149	13,649	13,473
Other Additions:			
5 Cash Requirements	7,723	7,252	7,205
6 Total Additions	3,637,610	3,555,877	3,549,197
Deductions:			
7 Accumulated Depreciation	1,814,245	1,717,460	1,707,689
8 Accumulated Deferred Income Taxes	253,273	246,073	246,806
9 Unamortized Investment Credit - Pre 1971	10	10	11
10 Total Deductions	2,067,528	1,963,543	1,954,506
11 Rate Base	1,570,082	1,592,334	1,594,691
12 Net Operating Income (NOI)	7,326	190,409	207,542
13 Rate of Return	5.60%	13.04%	13.01%
14 Average BellSouth Telecommunications, Inc. Debt Ratio	40.91%	N/A	41.18%
15 Average BellSouth Telecommunications, Inc. Debt Cost	6.47%	N/A	6.44%

CONTINUING SURVEILLANCE CONSIDERATIONS. Estimate the effect on net operating income of very significant known changes occurring within the period covered by the report which are not fully reflected in the revenue and expense amounts shown in the report.

(\$ in Millions)

Adjust. to Income for Effect of Known Changes	Month 10.0M	12 Months-to-Date -4.3M
# As estimated by Commission Staff		

BELLSOUTH TELECOMMUNICATIONS, INC.
EXPENSE MATRIX/TPSC
INTRASTATE
November, 1997

CURRENT MONTH

	SALARIES & WAGES	BENEFITS	RENTS	OTHER EXPENSES	NET ACTIVITY
PLANT SPECIFIC OPERATIONS					
NETWORK SUPPORT	45,877	8,565	1,348	289,673	345,463
GENERAL SUPPORT	606,969	134,147	1,084,294	2,654,932	4,480,342
CNTRL. OFC. SWITCHING	1,214,484	254,688	123	1,001,356	2,470,651
OPERATOR SYSTEMS	1,002	262	0	213,130	214,394
CNTRL. OFC. TRANSMISSION	592,259	126,395	(151,719)	353,364	920,299
INFOR. ORIGINATION/TERM	424,903	87,777	0	164,492	677,171
CABLE & WIRE FACILITIES	3,253,495	695,269	517,183	1,492,976	5,958,923
TOTAL PLANT SPECIFIC	6,138,989	1,307,103	1,451,229	6,169,923	15,067,243
PLANT NONSPECIFIC OPERATIONS					
OTH. PROP., PLANT & EQUIP	(146,262)	(48,431)	0	(160,512)	(355,205)
NETWORK OPERATIONS	2,217,686	647,998	(657)	1,069,055	3,934,082
ACCESS EXPENSE	0	0	0	201,265	201,265
	2,071,424	599,567	(657)	1,109,808	3,780,142
CUSTOMER OPERATIONS EXPENSE					
MARKETING	408,422	90,537	2,226	3,322,270	3,823,455
CUSTOMER OPERATIONS	4,266,757	784,738	1,204	4,889,113	9,941,812
TOTAL CUSTOMER OPERATIONS	4,675,179	875,275	3,430	8,211,383	13,765,267
CORPORATE OPERATIONS EXPENSE					
EXEC. AND PLANNING	114,542	27,111	23	97,784	239,460
GENERAL AND ADMINISTRATIVE	2,017,007	494,423	2,494	14,587,014	17,100,938
PROV FOR UNCOLLECT. NOTES REC.	0	0	0	0	0
TOTAL CORP. OPERATIONS	2,131,549	521,534	2,517	14,684,798	17,340,398